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SUBJECT: Food Aid and the WTO: Tanzanian response

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1. On June 30, Emboff and USAID Agricultural Officer delivered the points in reftel to the Acting Trade Director at the Ministry of Industry and Trade, Mr. John Mihinya and to Assistant Director of Multilateral Trade Programs Bede Lyimo. In discussing the impact of the proposed restrictions on in-kind humanitarian food assistance, Emboff drew on the example of the 400,000 refugees who have lived in camps in western Tanzania for up to ten years. During that time, the refugees have relied both on in-kind food assistance, primarily from the US, and on cash donations applied to the purchase of local agricultural surpluses. Emboff emphasized the importance of maintaining flexibility so donors can respond to food emergencies while avoiding food market distortions.

2. Neither Mr. Mihinya nor Mr. Lyimo had been aware of the proposed EU and Swiss disciplines that would sharply restrict or eliminate in-kind food assistance. They listened carefully to the response, and said that they would discuss the matter with their superiors. Mr. Mihinya noted that Tanzania welcomed all opportunities to sell its agricultural surpluses; he worried that in some cases, in-kind humanitarian food assistance could be a pretext for dumping. Mr. Lyimo agreed that maintaining a wide range of options, including both in-kind and cash donations, could ensure the most effective responses to humanitarian crises. He was concerned that any sudden or drastic changes to the WTO disciplines on food aid could result in market dislocation and increased problems for developing countries.

3. The USAID officer said that he would seek a meeting with counterparts in the Tanzanian agriculture ministry, to reiterate these points.

Owen